

Transpacific Stabilization
Agreement
FMC No. 203-011223-020

Substitute Second
Revised Page
No. 110

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FEDERAL MARITIME COMMISSION
BUREAU OF ECONOMIC ANALYSIS
SECRETARY

5.14 Each Party is authorized, as needed, to charter, cross-charter, subcharter and exchange (collectively, "charter") capacity on vessels operated in the Trade by another Party or Parties on such commercial terms (including trading or exchange of space or equipment, assumption of equipment lease costs, or monetary payments) as may be mutually agreed between them to reflect market circumstances at the time of the charter. Such chartering is authorized hereunder pursuant to the rules and procedures set forth in Appendix E to this Agreement. No Party has any obligation under this Agreement to charter capacity on its vessels to any other Party, except as Parties may from time to time mutually agree.

5.15 For the convenience of shippers in the trade, any two or more parties to the Agreement are authorized to discuss, agree on, negotiate, and, upon the agreement of a shipper(s), enter into joint service contracts with one or more shippers for the movement of cargo within all or any part of the trade covered by this Agreement.

ARTICLE 6 - AGREEMENT OFFICIALS AND DELEGATIONS OF AUTHORITY

6.1 The Administrative Committee shall be charged with overseeing and affecting the administrative and housekeeping functions of the Agreement, including, but not limited to, screening and making recommendations to the Parties concerning the



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FEDERAL MARITIME COMM

5.14 Each Party is authorized, as needs arise, to charter, cross-charter, subcharter and exchange (collectively, "charter") capacity on vessels operated in the Trade by another Party or Parties on such commercial terms (including trading or exchange of space or equipment, assumption of equipment lease costs, or monetary payments) as may be mutually agreed between them to reflect market circumstances at the time of the charter. Such chartering is authorized hereunder pursuant to the rules and procedures set forth in Appendix E to this Agreement. No Party has any obligation under this Agreement to charter capacity on its vessels to any other Party, except as Parties may from time to time mutually agree.

5.15 The parties are authorized to discuss, agree on, negotiate, and enter into joint service contracts pursuant to the terms and conditions of Article 14 hereof.

ARTICLE 6 - AGREEMENT OFFICIALS AND DELEGATIONS OF AUTHORITY

6.1 The Administrative Committee shall be charged with overseeing and affecting the administrative and housekeeping functions of the Agreement, including, but not limited to, screening and making recommendations to the Parties concerning the selection of the Secretariat and the Auditor, establishing the format of reports to be furnished by the Secretariat and the Auditor under this Article and by the Parties under Article 10, recommending procedures for

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shall be in writing and shall be final, conclusive and not subject to judicial review. They shall be served on all Parties to the Agreement.

ARTICLE 14 - SERVICE CONTRACTS

14.1. Any two or more Parties to the Agreement may negotiate and enter into service contracts with one or more shippers, as that term is defined in the Shipping Act of 1984, as amended, for the movement of cargo within all or any part of the trade covered by this Agreement. Such contracts shall be referred to herein as "joint service contracts." Any Party may also enter into an individual contract in the trade.

14.2. Joint service contracts entered into pursuant to this Article 14 may become effective at any time on or after May 1, 1999. The Parties may discuss or negotiate with shippers regarding joint service contracts, and may sign such contracts, prior to May 1, 1999.

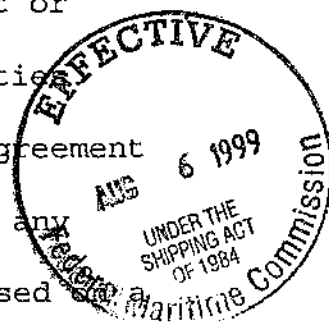
14.3. The Party(ies) involved shall be responsible for filing any individual or joint service contract with the Federal Maritime Commission and for publishing any essential terms of such contracts as required by the Shipping Act of 1984, as amended, and any applicable FMC regulations. To the extent authorized by the Party(ies), and if and to the extent permitted under applicable FMC



regulations, the Agreement Secretariat may also file and/or publish, or perform other administrative services with respect to, individual or joint contracts. The Secretariat shall not disclose the rates or terms of such contracts to other TSA members without the consent of all carrier Parties participating in the contract.

14.4. No Party to the Agreement shall be required to disclose to the Agreement or any other Party a negotiation on an individual or joint service contract or the terms and conditions of any such service contract other than those terms and conditions required to be published under the Shipping Act of 1984, as amended.

14.5. The Parties to the Agreement may discuss and, by a unanimous vote, agree on, adopt, repeal, or amend guidelines regarding rates, charges, rules, contract provisions, and any and all terms and/or procedures of all or a portion of any joint or individual service contracts entered into by a Party or Parties. Such guidelines shall be voluntary, and each Party to the Agreement has the right not to follow any or all of the guidelines in any given service contract. No penalty of any kind may be imposed on a Party due to its failure to follow or adhere to any guideline adopted by the Agreement pursuant to this Art. 14. Any guidelines adopted pursuant to this Article shall be confidentially submitted



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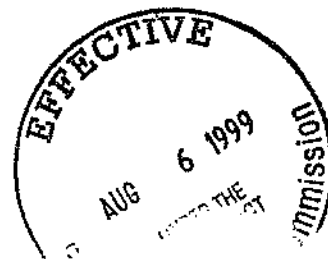
14.4. No Party to the Agreement shall be required to disclose to the Agreement or any other Party a negotiation on an individual or joint service contract or the terms and conditions of any such service contract other than those terms and conditions required to be published under the Shipping Act of 1984, as amended.

14.5. The Parties to the Agreement may discuss and, by a unanimous vote, agree on, adopt, repeal, or amend guidelines regarding rates, charges, rules, contract provisions, and any and all terms and/or procedures of all or a portion of any joint or individual service contracts entered into by a Party or Parties. Such guidelines shall be voluntary, and each Party to the Agreement has the right not to follow any or all of the guidelines in any given service contract. No penalty of any kind may be imposed on a Party due to its failure to follow or adhere to any guideline adopted by the Agreement pursuant to this Art. 14.4. Any guidelines adopted pursuant to this Article shall be confidentially submitted

to the Federal Maritime Commission in the form and manner required by FMC regulations.

ARTICLE 15 - SECURITY INSTRUMENT

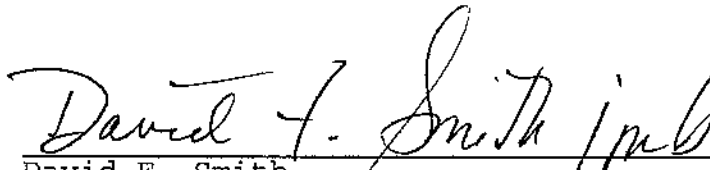
Each Party shall obtain an irrevocable letter of credit satisfactory to the Secretariat, naming the Secretariat in his official capacity as beneficiary. The letter of credit must provide that the issuing bank will honor drafts presented by the Secretariat drawn upon such bank when accompanied by a certification of the Secretariat that one or more violations of the Agreement has occurred, and authorizing the drawing of such drafts not exceeding the aggregate of US\$500,000. Such letters of credit shall provide expressly that upon payment of any drafts drawn thereunder the stated amount of the letter of credit shall be increased automatically to the original US\$500,000 face amount; provided, however, that should the issuing bank for any reason refuse such additional payments, the bank shall promptly provide the Secretariat with written notice that it has determined not to reinstate the full amount available after giving effect to such drawing of the original US\$500,000 face amount of such letter of credit. In the event that the Secretariat shall



TRANSPACIFIC STABILIZATION AGREEMENT
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SIGNATURE PAGE

IN WITNESS WHEREOF, the parties to Agreement No. 203-011223-020 hereby agree this 4th day of February, 1999, to amend the Agreement as per the attached Second Revised Page No. 11c, First Revised Page No. 22, Original Page No. 22a, and Original Page No. 22b and to file the same with the Federal Maritime Commission.


David F. Smith
Counsel to Agreement
(Pursuant to authorization under
subarticle 6.9)

